

Message Text

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PAGE 01 JIDDA 01352 170522Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W
-----170525Z 073000 /13
R 161410Z FEB 77
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 7326
INFO USDOC WASHDC

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E.O. 11652: N/A
TAGS: BENC, SA
SUBJECT: U.S. FIRM AFFECTED BY SAG CONTRACT CANCELLATION

REF: JIDDA 1320

1. PERINI CORPORATION REPRESENTATIVE INFORMED EMBOFF THAT FIRM'S LOW BID OF \$620 MILLION FOR TAIF WATER DISTRIBUTION AND SEWAGE NETWORK HAS BEEN CANCELLED DESPITE ITS BEING BELOW SAG COST ESTIMATE AND IN LINE WITH CONSULTANT'S ESTIMATE.

2. ROY ANDERSON, LOCAL MANAGER, STATED THAT HE VISITED MINISTRY OF MUNICIPALITIES AND RURAL AFFAIRS AFTER READING OF GENERAL CANCELLATIONS LOCAL PRESS IN ORDER TO ASCERTAIN WHETHER PERINI BID AFFECTED. RESPONSE WAS POSITIVE.

3. PERINI FIRM NOT UNDULY CONCERNED WITH CANCELLATION SO MUCH AS INFERENCE IN LOCAL PRESS OF FUTURE BLACKLISTING OF ALL FIRMS FOR LOCAL TENDERS. ANDERSON STATES THAT HIS INVESTIGATION RE PRICES REVEALS THAT SAG ESTIMATED COST OF SR2.6 BILLION FOR TAIF PROJECT AND THAT SWEDISH CONSULTING FIRM ESTIMATED COST AT SR2.1 BILLION, WHICH WAS ROUGHLY WHAT PERINI BID. (SR3.52-US\$1.-). COMPANY HAS SPENT UPWARDS OF \$300,000 IN BID PREPARATION AND INTENDS TO PRESS ITS CASE, PARTICULARLY AGAINST ANY BLACK-
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LISTING. FIRM ALSO SHIPPED EQUIPMENT VALUED AT \$6.5 MILLION TO JIDDA MONTHS AGO. ANDERSON SAYS HE HAS BEEN INFORMED THAT CANCELLATION IS IRREVOCABLE. WHILE FIRM ACCUSTOMED TO CANCELLATIONS AS VAGARIES EXPECTED ON LARGE PROJECTS, IT WILL TAKE STRONG ACTION ON THIS CASE BECAUSE OF THE BLACKLISTING IMPLICATION.

4. ANDERSON STATED THAT PERINI WOULD APPROACH DEPARTMENT FOR ADVICE AND ASSISTANCE SINCE IT IS ONLY US FIRM ON TAIF BID. MR. AL PERINI WILL ALSO COME TO SAUDI ARABIA TO PRESS CASE.

5. OF INTEREST, ANDERSON INFORMS US THAT SAG EVEN SUSPECTS COLLUSION BETWEEN CONSULTANTS AND BIDDERS, ESPECIALLY IN CASE WHERE BID FIGURE IS IDENTICAL. FOR DEPARTMENT'S INFO A SEPARATE SWEDISH FIRM'S BID ON TAIF WAS OVER \$ONE BILLION AND KOREAN BID WAS \$714 MILLION.
PORTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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Handling Restrictions: n/a
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Original Classification: LIMITED OFFICIAL USE
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SAS ID: 3308962
Secure: OPEN
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TAGS: BENC, SA
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